

Drake Resources Limited

Quarterly Activity Report - March 2007

HIGHLIGHTS

- Drake-Zinifex Alliance applies for two further tenements in Sweden, bringing number of projects to 5.
- Work to commence on Sweden tenements in May
- Business development activities in the Alliance accelerated in Australia and Canada
- Drake non-renounceable entitlement option issue completed
- Results received from airborne magnetics survey at Heron Well gold property in the Eastern Goldfields of Western Australia
- Airborne magnetic survey of the Lake Rebecca gold property scheduled for the second quarter of 2007

CORPORATE

ENTITLEMENT OFFER

In December Drake Resources Limited (ASX Code: DRK) ("Drake") announced a non-renounceable entitlement issue of one (1) Option for every two (2) Ordinary Shares held by shareholders of Drake as at 5:00pm WST on 5 January 2007. The fully underwritten issue closed on 24 January. Issued at a price of \$0.01 per option, the 15,625,000 options raised a total of \$156,250, before costs.

EXPLORATION

ZINC-SILVER ALLIANCE WITH ZINIFEX

In 2006 Drake Resources Ltd entered into an Alliance with Zinifex Australia Ltd to seek out zinc exploration and development opportunities in several prospective areas around the world. The purpose of the Alliance is to bring together Drake's technical project generation skills in base and precious metals exploration and Zinifex's operational capabilities in advanced project exploration, mineral project development and mining.

The Alliance has applied for two further properties in Sweden, Doverstorp and Skommer.

Upon grant the Falun 100, Falun 101, Bersbo and Doverstorp exploration licences become joint ventures between Zinifex and Drake, with each company initially holding a 50% interest.

Doverstorp

The Alliance has applied for an exploration licence that contains the historic Doverstorp Mineral Field in the Bergslagen district of Sweden. The application is 23 square kilometres in area.

Doverstorp is located 45 kilometres southeast of Lundin Mining Corporation's Zinkgruvan zinc-lead-silver mine near Askersund, southern Sweden. Zinkgruvan has been in production continuously since 1857. It is the largest underground zinc mine in Sweden, and is amongst world's the lowest cost producers.

The mineralisation at Doverstorp occurs within metamorphosed volcanic and sedimentary rocks in a geological setting similar to that at Zinkgruvan. Both Mineral Fields contain pyrrhotite horizons, numerous oxide iron deposits, potassium-rich volcanics, and thin calc-silicate layers. These similarities are interpreted as indications that the Doverstorp Mineral Field has high zinc prospectivity.

The exploration programme at Doverstorp will commence with helicopter-based electromagnetics, detailed airborne magnetics, and geological mapping.



Skommer



The Skommer application is located 95 kilometres northwest of the regional town of Arvidsjaur and 34 kilometres northeast of the Laisvall lead-zinc deposit (108Mt @ 4% Pb and 0.6% Zn)

Geologically, the Skommer area forms part of the Precambrian Rappen Basin. The geological setting of the Rappen Basin is similar to that of the major zinc- and copper-bearing regions of the Bergslagen District in southern Sweden. This together with the widespread occurrence of zinc in rock, till and stream sediment geochemical samples make the southern Rappen Basin a highly prospective environment for zinc mineralisation.

The main wave of exploration in the Rappen Basin took place during the period 1960-1990. This resulted in the discovery of many small iron, tungsten and molybdenum deposits as well as several zinc occurrences. Most of the zinc occurrences remain untested. During the period 1998-2003, several major companies, including Rio Tinto and BHP, explored the Rappen Basin for gold-copper but did not follow up the zinc occurrences.

The Drake-Zinifex alliance identified two poorly tested zinc prospects at Skommer in technical records supplied by the Swedish Geological Survey (SGU). These records describe numerous zinc- and copper-bearing boulders found on the surface in glacial till. Much of this till is thought to be derived from nearby bedrock provenance areas. Both boulder trains have been traced over distances of approximately 2 kilometres. Drake-Zinifex believe that the bedrock sources of the mineralised boulders can be located relatively easily with geochemistry, and that targets can be defined and tested with a relatively low-cost programme.

Exploration of projects in Sweden

Drake Resources and Zinifex are putting in place programmes to explore their tenements in Sweden, commencing in the second quarter of 2007. The initial stages of these programmes will be geophysical surveys and geological mapping.

Business development and project generation activities

Drake Resources is actively continuing its programme of identification of projects with significant mineral potential in Australia, Sweden and Canada. Drake is currently in discussions with several companies regarding joint ventures on prospective target areas.

MT CARRINGTON NEW SOUTH WALES

MT CARRINGTON MINING LEASES (Drake option to purchase 90%)

Drake is in advanced discussions with several parties wishing to joint venture the Mining Leases and Exploration Licences at Mt Carrington.

MT CARRINGTON EXPLORATION LICENCES : EL6273 (DRK 90%), EL's 6452 & 6453 (DRK 100%)

Drake is continuing its evaluation of the Mt Carrington Project Area for Phoenix style gold breccia systems similar to that discovered by Malachite in its tenements adjoining the Drake Resource's Mt Carrington Project. Newmont is funding exploration at Phoenix by earning 51% by funding \$5 million in exploration. Newmont can increase its interest to 75% by funding the project to bankable feasibility.

HERON WELL WESTERN AUSTRALIA (DRK 100%)

A detailed airborne magnetics survey of the Heron Well prospecting leases has now been completed, and final data received from the contractor. The data are being processed by Drake's geophysicist.

This survey will significantly improve the understanding of the geology under cover. Structural analysis of these data, combined with the results of previous fieldwork, lead to the selection of additional drill targets.

LAKE REBECCA, WESTERN AUSTRALIA (DRK 80%)

The Lake Rebecca Project comprises a single exploration licence in the Pinjin Region the Eastern Goldfields Province of the Archaean Yilgarn Craton of Western Australia. Gold mineralisation is thought to be spatially associated with the Pinjin Fault System.

Drilling by previous explorers indicates that mineralisation occurs over an area of at least 2km x 0.4km with intercepts of ten to thirty metres true width grading up to 1.5g/t Au down to a depth of approximately 250m in two zones, Redskin in the south west and Round Hill in the north.

Drake has contracted UTS Geophysics to fly an ultra-detailed airborne magnetics survey to assist with the interpretation of data and to define targets for drilling.

MT PALMER WESTERN AUSTRALIA (DRK 70%)

Drake Resources is in discussions with parties interested in examining the potential for re-opening the Mt Palmer gold mine.

ML 77/407 encompasses the old Mt Palmer mine within the Southern Cross district of Western Australia. It is located in the narrow Archaean Yellowdine greenstone belt of the Southern Cross Province, and flanks the eastern side of the gneissic granitoid Ghooli Dome.

The Palmer's Find group of workings has a recorded production of 156,000 ounces of gold from 310,000 tonnes of ore mined during the period 1935 to 1949. The ore was mined predominantly from the Main and East Lodes, with limited production recorded from other veins. The lodes are tabular bodies, plunging to the north and south respectively.

The information in this report that relates to Exploration Results, Mineral Resources, or Ore Reserves is based on information compiled by Dr Robert Beeson. Dr Robert Beeson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking. This qualifies Dr Beeson as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Robert Beeson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.